

The Department of Revenue’s (DOR) Managed Audit Program lets you play an active role in the audit.

What is a managed audit?

It is a contract between the DOR and your business. It allows you to perform some, or all, of the audit functions. The auditor will:

- explain the procedures.
- work with you to determine the audit functions you can perform.
- give you specific written instructions.
- provide assistance throughout the course of the audit.

Why should I participate in a managed audit?

1. You will gain a better understanding of how state tax laws apply to your business activities.
2. It should be less disruptive to your regular business operations since you’ll be able to manage your own resources.
3. If the audit results disclose that additional tax is due, DOR will:
 - a) waive up to \$5,000 in audit interest
 - b) not add assessment penalties, including the 5 percent assessment issuance penalty.

(Note: To receive these benefits, the managed audit must be completed according to the terms of the agreement and full payment must be received at the time the resolution agreement is signed.)

Do I automatically qualify for a managed audit?

No. The auditor will assess your business’ resources and ability to perform some, or all, of the audit functions. The complexity of your business operations and applicable tax laws will be taken into consideration. Once this review is completed, the auditor may propose a managed audit rather than a “traditional” audit.

I did some of the review and scheduling of changes in our last audit. How is this different?

With a managed audit, the business and auditor sign a contract that obligates the business to perform specific audit functions in an agreed period of time, usually 60 days. The contract provides that the:

- work performed by the business is subject to verification by the auditor.
- Department will waive the first \$5,000 of interest on a tax assessment, net of credits.
- Department will not add assessment penalties, including the 5 percent assessment issuance penalty.

(Note: The audit results are subject to an internal review process.)

If the audit results are that tax is owed, when is payment due?

Payment of the tax must be made at the time a resolution agreement is signed. This agreement acknowl-

edges that the procedures have been performed as agreed between the business and the auditor.

(Note: In the case of a tax overpayment, interest will be calculated and refunded at the statutory rate.)

How does the Department benefit?

- The managed audit process requires more up-front communication. This allows the auditor to develop a clearer understanding of the business.
- A managed audit usually takes less time than a traditional audit. It allows the auditor to spend less time at your business. This enables the Department to redirect its resources toward other efforts that promote voluntary compliance.
- The Department improves its relationship with the business community by becoming a consultant and less of an adversary.

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Get involved — play an active role in your audit

Managed Audit Program

